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DEPARTMENT OF COMMERCE

International Trade Administration

Aviation Trade Mission to Brazil from May 12-16, 2014

AGENCY: International Trade Administration, Department of Commerce

ACTION: Notice

MISSION DESCRIPTION

The United States Department of Commerce, International Trade Administration (ITA), U.S. and Foreign Commercial Service (CS) and Industry and Analysis are organizing an Aerospace and Aviation Trade Mission to Brazil from May 12-16, 2014. The purpose of the mission is to introduce U.S. firms to Brazil's rapidly expanding market for aerospace and aviation products and services, including airport equipment, air traffic management products and services, and aerospace equipment and parts, and to assist U.S. companies in the pursuit of export opportunities in this sector. The mission to Brazil is designed for U.S. aviation and aerospace manufacturers and service providers, particularly small- and medium-sized enterprises (SMEs), interested in long-term business opportunities in Brazil, as well as the trade associations/organizations that represent them. Target sectors holding high potential for U.S exporters include: aircraft parts (particularly for the aftermarket), business aviation, general aviation and helicopters, airspace and air traffic flow management, ground support equipment, baggage handling systems, meteorological information management, surveillance and satellite navigation, and airport/aviation security.

Trade mission participants will have two days of one-on-one business appointments arranged by the CS in São Paulo, the business capital of Brazil. Trade mission participants will then have the option to have additional meetings arranged in Rio de Janeiro, Belo Horizonte, or Brasilia, where CS offices can arrange meetings with both private sector representatives and state and local government officials.

The mission supports President Obama's National Export Initiative (NEI) and his goal of strengthening the U.S. economy and U.S. competitiveness through meaningful job creation. The mission will help new to market companies learn about the Brazilian aviation market and make initial contacts. The mission will help U.S. companies already doing business in Brazil to increase their footprint and deepen their business interests. The mission will also support the U.S.-Brazil Aviation Partnership, which was established to strengthen and expand the civil aviation relationship between the two countries.

The mission will help participating firms and associations/organizations gain market insights, make industry contacts, solidify business strategies, and advance specific projects, with the goal of increasing U.S. exports of products and services to Brazil. The mission will include one-on-one business appointments with pre-screened potential buyers, agents, distributors and joint venture partners; meetings with state and local government officials and industry leaders; and networking events. Participating in an official U.S. industry delegation, rather than traveling to Brazil on their own, will enhance the participants' ability to secure meetings in Brazil.

COMMERCIAL SETTING

Brazil has an established aerospace manufacturing sector and produces a wide range of aerospace products. Perhaps best known for producing regional jets, Brazilian manufacturers also make turboprops, military aircraft, agricultural aircraft, business aircraft, helicopters, and other general aviation aircraft. The most well-known Brazilian manufacturer is Embraer, which has delivered more regional jets than its only competitor (Canada's Bombardier) each year since 2006. Brazilian firms are highly integrated into the global aerospace supply chain and have embarked on risk-sharing projects and joint ventures with foreign firms both in Brazil and abroad.

Brazil is a major supplier to the United States' market, though it competes more in sales of final aircraft than in sales of parts and components. Indeed, Brazilian manufacturers claim to import a significant amount of parts and components from non-Brazilian suppliers, including suppliers in the United States. However, it was only in the 2000s that Brazil consistently became one of the top ten U.S. export markets for aerospace equipment, likely due to the increasing success of Embraer's regional jet and business aircraft programs. In 2012, U.S. firms exported \$6.8 billion worth of aerospace products to Brazil.

Brazil also has a complex domestic aviation industry, including a growing network of airports and services for commercial aviation and business aviation. Due to growing demand for all forms of air travel, as well the infrastructure demands of the 2014 World Cup and 2016 Olympics, Brazil is launching improvements to about 270 regional airports. Brazilian states and cities also have specific plans to develop infrastructure for helicopters, in part because of the growth of the domestic oil and gas industry. Regional infrastructure projects are expected to

begin in 2014. Information about additional infrastructure opportunities can be found at:

http://export.gov/industry/aerospace/eg_main_059003.asp

São Paulo/ São José dos Campos

With almost 20 million people, São Paulo is the largest city in Brazil, the largest city in the southern hemisphere and Americas, and the world's seventh largest city by population. It is the country's economic and financial center and traditional access point for companies entering the Brazilian market. São Paulo's Guarulhos airport is a major hub for international passenger traffic into Brazil and is home to maintenance organizations for several Brazilian and international airlines. The São Paulo metropolitan area is also home to major airlines AZUL and LATAM, a pan-Latin America airline formed in 2012 after the merger of Brazilian airline TAM and Chilean airline group LAN.

50 miles from São Paulo is São José dos Campos, a major Brazilian industrial center and home to Embraer, producer of commercial, military, and executive aircraft. In 2012, Embraer delivered 205 aircraft and closed the year with firm orders of 185 aircraft valued at US\$12.5 billion. The city is also home to one of Brazil's top engineering schools, the Aeronautical Institute of Technology, and several research institutions dedicated to aviation and space. More information about the aerospace cluster in São José can be found at:

<http://www.aerospacecluster-brasil.com.br/english/default.aspx>

Rio de Janeiro

Rio de Janeiro will host the 2016 Summer Olympics Games. This will be the first Summer Olympics held during the host city's wintertime, as well as the first time a South American city will host the event. Unlike in London, the percentage of investments dedicated to transportation will be higher than investments dedicated to Olympic sports projects such as arenas and stadiums. Rio is also home to the Department of Airspace Control (DECEA), the branch of the Ministry of Defense responsible for all air traffic in Brazil, including civil and commercial traffic. Finally, Rio is home to Petrobras, Brazil's largest company and a significant global producer of oil and energy products.

Belo Horizonte

Belo Horizonte is the capital of Minas Gerais, and Greater Belo Horizonte is the third largest metropolitan area in Brazil, after São Paulo and Rio. Belo Horizonte is a major industrial center with production centered on steel and steel products, since Minas Gerais is an iron and metal-rich area. Tancredo Neves, the state's main airport, is expected to become the third largest international gateway to Brazil and is enacting a 3-phase \$2 billion plan to expand the runway system and terminal space. Belo Horizonte is also home to Lider Aviação, an air taxi, maintenance, and aircraft sales firm and the procurement and maintenance divisions of GOL, a major airline.

Brasilia

Brasilia is the capital of Brazil and is home to many government institutions responsible for the aerospace and aviation industries. These agencies include INFRAERO, a government agency that manages 63 airports, 23 Aeronautical Telecommunication Stations, 38 Units Techniques

aeronautics and 34 cargo logistics terminals in Brazil; the Agencia Nacional de Aviacao Civil (ANAC), the civil aviation authority; and the Secretaria de Aviação Civil (SAC), a new entity that coordinates and supervises the other Brazilian civil aviation entities. In 2013, INFRAERO's new subsidiary, INFRAERO Services, will become operational. The new company's main goal is to support state and local governments in the management of regional airports.

MISSION GOALS

The goals of the Aerospace and Aviation Trade Mission to Brazil are to provide U.S. participants with first-hand market information, and one-on-one meetings with business contacts, including potential end users and partners, so that they can position themselves to enter or expand their presence in the Brazilian market. As such, the mission will focus on helping U.S. companies and trade associations/organizations obtain market information, establish business and government contacts, solidify business strategies, and/or advance specific projects.

MISSION SCENARIO

The mission will start in São Paulo with an opening briefing and a no-host dinner on Monday, May 12. The next day the participants will attend Gold Key business meetings and participate in an evening reception. On Wednesday, they will have additional Gold Key sessions. On Thursday, the delegates will have the option of traveling to a second city (Rio de Janeiro, Belo Horizonte, or Brasilia) for additional business meetings. U.S. participants will be counseled before and after the mission by CS Brazil staff.

Participation in the mission will include the following:

- Pre-travel briefings on subjects from business practices in Brazil to security;
- Pre-scheduled meetings with government officials, potential partners, distributors, agents, end users and local industry contacts in São Paulo;
- Airport transfers in São Paulo;
- Participation in a networking reception in São Paulo.

MISSION TIMETABLE

Monday, May 12, 2014

- Country briefing by U.S. Embassy staff on programs and opportunities in the Brazilian aviation sector.
- No-host dinner with mission participants.

Tuesday, May 13, 2014

- Business meetings in São Paulo.
- Evening reception with Brazilian and U.S. industry representatives.

Wednesday, May 14, 2014

- Site visits and business meetings in São Paulo and/or São José dos Campos.

Thursday, May 15, 2014

- Optional travel to a second destination.
- Business meetings.

Friday, May 16, 2014

- Business meetings.
- Mission concludes.

PARTICIPATION REQUIREMENTS

All parties interested in participating in the trade mission must complete and submit an application package for consideration by the DOC. All applicants will be evaluated, on a rolling basis, on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 15 and maximum of 20 firms and/or trade associations or organizations will be selected to participate in the mission from the applicant pool.

FEES AND EXPENSES

After a firm or trade association/organization has been selected to participate on the mission, a payment to the Department of Commerce in the form of a participation fee is required. The participation fee for the Trade Mission will be \$2,950.00 for a small or medium-sized enterprise (SME)¹ and trade associations/organization; and \$3,230.00 for large firms. The fee for each additional firm representative (large firm or SME/trade organization) is \$600. Expenses for travel, lodging, meals, and incidentals will be the responsibility of each mission participant. Interpreter and driver services can be arranged by the CS for additional cost. Delegation members will be able to take advantage of U.S. Embassy rates for hotel rooms.

¹ An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see [http://www.sba.gov/services/contracting opportunities/sizestandardstopics/index.html](http://www.sba.gov/services/contracting_opportunities/sizestandardstopics/index.html)). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html> for additional information).

EXCLUSIONS

The mission fee does not include any personal travel expenses such as lodging, most meals, local ground transportation, except as stated in the proposed timetable, or air transportation from the U.S. to the mission sites and return to the United States. Business visas may be required.

Government fees and processing expenses to obtain such visas are also not included in the mission costs. However, the U.S. Department of Commerce will provide instructions to each participant on the procedures required to obtain necessary business visas.

CONDITIONS FOR PARTICIPATION

An applicant must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. If the Department of Commerce receives an incomplete application, the Department may reject the application, request additional information, or take the lack of information into account when evaluating the applications.

Each applicant must certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, are marketed under the name of a U.S. firm and have at least fifty-one percent U.S. content. In the case of a trade association or organization, the applicant must certify that for each company to be represented by the association/organization, the products and/or services the represented company seeks to export are either produced in the United States or, if not, marketed under the name of a U.S. firm and have at least fifty-one percent U.S. content.

Each applicant must also certify that the products and services that it wishes to market through the mission would be in compliance with U.S. export controls and regulations. In the case of a trade association/organization, the applicant must certify that for each company to be represented by the association/organization, the products and services the represented company seeks to export through the mission would be in compliance with U.S. export controls and regulations.

In addition, each applicant must:

- Certify that it has identified to the Department of Commerce for its evaluation any business pending before the Department that may present the appearance of a conflict of interest;
- Certify that it has identified any pending litigation (including any administrative proceedings) to which it is a party that involves the Department of Commerce; and
- Sign and submit an agreement that it and its affiliates (1) have not and will not engage in the bribery of foreign officials in connection with a company's/participant's involvement in this mission, and (2) maintain and enforce a policy that prohibits the bribery of foreign officials.

PARTICIPATION CRITERIA

Targeted mission participants are U.S. companies or trade associations/organizations providing aviation equipment, technology and services that have an interest in learning more about the Brazilian market. Target sectors holding high potential for U.S exporters include aircraft parts (particularly for the aftermarket), business aviation, general aviation and helicopters, airspace

and air traffic flow management, ground support equipment, baggage handling systems, meteorological information management, surveillance and satellite navigation, and airport/aviation security.

The following criteria will be evaluated in selecting participants:

- Suitability of the company's (or, in the case of a trade association or trade organization, represented companies') products or services for the Brazilian market;
- Company's (or, in the case of a trade association or trade organization, represented companies') potential for business in Brazil, including likelihood of exports resulting from the mission;
- Consistency of company's (or, in the case of a trade association or trade organization, represented companies') products or services with the scope and desired outcome of the mission's goals.

Additional factors, such as diversity of participant company size, type, location, and demographics, may also be considered during the review process.

Referrals from political organizations and any documents containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

TIMELINE FOR RECRUITMENT AND APPLICATIONS

Mission recruitment will be conducted in an open and public manner, including publication in the Federal Register, posting on the Commerce Department trade mission calendar

(<http://export.gov/trademissions>) and other Internet web sites, press releases to general and trade media, direct mail, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows. Recruitment for the mission will begin immediately and conclude no later than March 5, 2014. The U.S. Department of Commerce will review applications and make selection decisions on a rolling basis.

Applications received after March 5, 2014, will be considered only if space and scheduling constraints permit.

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